

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7178

BILL NUMBER: SB 596

NOTE PREPARED: Jan 12, 2011

BILL AMENDED:

SUBJECT: First Steps Program Providers.

FIRST AUTHOR: Sen. Simpson

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill prohibits the Division of Disability and Rehabilitative Services (DDRS) of the Family and Social Services Administration (FSSA) from requiring providers of services in the Infants and Toddlers with Disabilities Program (First Steps) from joining provider networks in order to be eligible to provide services.

Effective Date: November 1, 2010 (retroactive).

Explanation of State Expenditures: This bill will prohibit DDRS from requiring First Step providers to join provider networks to be eligible to provide First Step services. This requirement became effective as of November of 2010. FSSA reports the requirement that First Step providers join provider networks to be eligible to provide services was intended to (1) reduce the number of First Step payees which would allow for increased monitoring and reduced administrative costs, (2) make up an operational deficit, and (3) make up for the loss of federal TANF funding that was being used in the First Steps program.

The changes made to the First Steps program is estimated to save the state approximately \$2.5 M from the consolidation of providers into networks and from a 5% provider rate cut. This bill will revert First Steps program provider requirements to the requirements that were in place before November 1, 2010. This bill will discontinue any cost savings the new provider requirements may have created.

Background Information: The Division of Family Resources (DFR) currently counts First Steps program expenditures towards the TANF maintenance of effort (MOE) requirements. FSSA reports over the past two years, federal TANF funding for the First Steps program has been reduced. The total reduction of federal

TANF contributions to the DDRS was approximately \$10 M, of which \$9 M was in the First Steps program. Currently, First Steps is budgeted to receive \$3.2 M in federal TANF funds and \$15 M in state TANF funds.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: FSSA.

Local Agencies Affected:

Information Sources: Susie Howard, FSSA.

Fiscal Analyst: Bill Brumbach, 232-9559.